

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of VALENCIA WATER COMPANY (U-342-W), a Corporation, for an Order Authorizing It to Increase General Rates Charged for Water Service in Order to Realize Increased Annual Revenues of \$2,496,685 in Test Year 2003, \$143,286 in Test Year 2004, and \$43,439 in Attrition Year 2005, to Apply a Surcharge Calculated to Generate a Further \$614,737 in Year 2003 Revenues, to Establish a Low Income Ratepayer Assistance Program, and to Make Further Changes and Additions to Its Tariff for Water Service.

Application 02-05-013
(Filed May 3, 2002)

**ASSIGNED COMMISSIONER'S RULING
DETERMINING THE SCOPE, SCHEDULE,
AND NEED FOR HEARING IN THIS PROCEEDING**

This ruling determines the scope, schedule, and need for hearing in accordance with Rules 6(a) and 6.3 of the Commission's Rules of Practice and Procedure (Rules).¹

Background

On May 3, 2002, the Valencia Water Company (Valencia) filed this application seeking Commission authorization to increase its rates by 21.59% in Test Year 2003, .80% in Test Year 2004, and .24% in Attrition Year 2005. These

¹ Rules 6(a) and 6.3 require the assigned Commissioner to determine the scope and schedule of a proceeding.

rate increases reflect a proposed Return on Equity of 12.0 % for each year, with the following overall rate of return on rate base: 10.74% in 2003, 10.81% in 2004, and 10.88% in 2005. Valencia stated that these increases are necessary due to increases in operating expenses and rate base outpacing customer growth.

Valencia included three exhibits supporting its rate increase. Notice of the filing of the application appeared on the Commission's calendar on May 17, 2002.

On July 9, 2002, the Assigned Administrative Law Judge (ALJ) held a Prehearing Conference (PHC). Valencia appeared with counsel. A representative of Commission's Office of Ratepayer Advocates (ORA) also appeared and stated that ORA intended to conduct the necessary discovery, investigation, and analysis to address issues including whether the estimated revenues, expenses and rate base are just and reasonable and in the public interest.

Three intervenors, representing the Angeles Chapter of the Sierra Club, Santa Clarita Organization for Planning the Environment, and Edwin Dunn, representing himself, submitted appearances at the PHC. The intervenors indicated that their primary interest was in water supply and service territory expansion issues.

At the PHC, the parties and ALJ discussed the extent to which water supply and service territory expansion issues would be raised and resolved in this proceeding. Valencia agreed to meet with the intervenors (up to delegation of 7 persons), as well as a representative from ORA, to explain the application and any impacts it may have on Valencia's water supply and service territory.

Need for Evidentiary Hearings

Issues of material facts remain in dispute between the parties such that scheduling evidentiary hearings will be necessary.

Scope of the Proceeding

The scope of this proceeding shall be to determine whether Valencia has met its burden of proving that proposed rate increases are just and reasonable.

Procedural Schedule

At the PHC, the ALJ adopted the following schedule:

Valencia Briefing/Clarification for Intervenors	No later than August 16, 2002
ORA Report Distributed	September 6, 2002
Valencia Distribute Rebuttal Testimony	September 20, 2002
Public Participation Hearing at 7:00 p.m. in Valencia High School Multi-Purpose Room 27801 N. Dickason Drive Valencia, CA 91355	October 7, 2002
Evidentiary Hearings	October 15-18, 2002

Principal Hearing Officer

The Assigned ALJ, Maribeth A. Bushey, will act as the principal hearing officer in this proceeding.

Ex Parte Communications

This matter is designated as “ratesetting” as defined in Rule 5(c). Therefore, all ex parte communications must comply with Rule 7(c) and 7.1.

IT IS HEREBY RULED that:

1. Evidentiary hearings are needed.
2. The scope of this proceeding is stated above.
3. The schedule for the remainder of this proceeding is as described in the body of this ruling.
4. Maribeth A. Bushey shall be the principal hearing officer in this proceeding.

Dated August 15, 2002, at San Francisco, California.

/s/ GEOFFREY BROWN

Geoffrey Brown
Assigned Commissioner

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Assigned Commissioner's Ruling Determining the Scope, Schedule, and Need for Hearing in this Proceeding on all parties of record in this proceeding or their attorneys of record.

Dated August 15, 2002, at San Francisco, California.

/s/ JEANNIE CHANG
Jeannie Chang

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.